



POLICY BRIEF



THE TRUTH ABOUT BIDEN'S CHILD CARE TAKEOVER

President Biden is working on a scheme to expand the reach of the federal government into American family life. Under the guise of an honorable desire to increase the quality and affordability of child care, President Biden's American Families Plan will be a pledge to increase child care costs and a step towards government run child care.

The American Families Plan includes a proposal to subsidize the cost of child care for low and middle-income families for children under 5 years old above 7 percent of a parent's income.¹ This subsidy would apply to parents whose combined income is up to 1.5 times their state's median income. It also requires child care providers and educators to be paid a \$15 minimum wage, among other mandates.²

- **The plan promises to make child care affordable.**
 - Instead, child care costs will increase under the plan. By creating an arbitrary limit on what families pay for child care and having the taxpayer bear the remainder above that arbitrary limit of 7 percent, child care providers have an incentive to raise prices. For example, since the government began issuing endless student loans in higher education, the price of tuition has continued to rise over—400% increase from 1985-6 school year to 2018-2019.³ In the same way, American parents and taxpayers can expect costs to increase if Biden's plan is enacted.
 - Not only will a subsidy raise costs, so will mandating a minimum wage increase. The Heritage Foundation estimates that a \$15 minimum wage in child care will increase costs by 21 percent.⁴ As costs of child care inevitably rise, the government will be incentivized to subsidize child care for even more families and become a step toward wholly government-run child care.
- **The plan promises to invest money in high-quality child care and in the child care workforce.**
 - Government subsidies are not the solution to helping families find quality child care. Rather, the government should allow for an environment in which child care options are increased and families can flourish by reducing regulations on providers. The current high child care costs are caused in part by burdensome regulations that have little to do with safety but result in pushing out small family child care providers. Early Childhood National Centers reported that the number of family child care providers and child care centers declined from 2011-2017, including a 35 percent decline of small family child care providers. During the same period, child care licensing requirements increased.⁵ Federal and state governments should recognize their overregulation is contributing to the crisis of affordability.
- **The plan predicts these changes will allow one million more parents to enter the labor force.**
 - President Biden's plan ignores the truth about why parents choose child care. While the cost of care is a factor, parents most common reasons to use or not use child care relate to outside job options and childrearing priorities.⁶ Thus, providing a subsidy will likely not change a parent's decision whether or not to use child care.
 - Further, this plan imposes a one-size-fits-all arrangement for American families. Families may choose to exchange potentially higher income for time at home with their children, because this arrangement is best

for them. Instead, the government should support strong families and their ability to raise their children as they choose. Those without children and families that choose to have one parent stay at home should not be required to fund the child care of those who make a personal choice to both work outside the home.⁷

- Lastly, there are already opportunities for low-income families to receive child care assistance. The Child Care and Development Fund (CCDF) provides federal funding for child care for low-income families as a safety net. This includes child care funds through the Child Care and Development Block Grant (CCDBG) Act, the Child Care Entitlement to States, state maintenance-of-efforts and matching funds, and Temporary Assistance for Needy Families (TANF).⁸ Furthermore, Head Start is an early childhood education for low-income children administered by the Department of Health and Human Services. The program provides grants and services for children ages 3-5 at no cost to low-income families. Early Head Start also provides similar grants and services for pregnant women and children ages 0-2.⁹

While the Biden Administration will hide behind the promise of helping children, government subsidized child care will only further extend the government's hand into families' decisions regarding how to raise their children. If Congress and state governments truly want to help families who are hardest hit by high child care costs, they will reduce unnecessary regulations to create space for good paying jobs and more child care options.

¹ "Fact Sheet: The American Families Plan." The White House. April 28, 2021. <https://www.whitehouse.gov/briefing-room/statements-releases/2021/04/28/fact-sheet-the-american-families-plan/>

² Id.

³ Cooper, Preston. "How Unlimited Student Loans Drive Up Tuition." Forbes. February 22, 2017.

<https://www.forbes.com/sites/prestoncooper2/2017/02/22/how-unlimited-student-loans-drive-up-tuition/?sh=a21dc2752b63> and

"Tuition Costs of Colleges and Universities." National Center for Education Statistics. 2019. <https://nces.ed.gov/fastfacts/display.asp?id=76>

⁴ Greszler, Rachel. "Unintended Consequences of \$15 Minimum Wage: Higher Child Care Costs." The Heritage Foundation. February 12, 2021. <https://www.heritage.org/jobs-and-labor/commentary/unintended-consequence-15-minimum-wage-higher-child-care-costs>

⁵ Rachidi, Angela. "The problem with child care regulations." American Enterprise Institute. January 24, 2020. <https://www.aei.org/poverty-studies/the-problem-with-child-care-regulations/>

⁶ Stone, Lyman. "More, Choice, Fewer Costs: Four Key Principles to Guide Child Care Policy." American Enterprise Institute. May 20, 2021. <https://www.aei.org/articles/more-choice-fewer-costs-four-key-principles-to-guide-child-care-policy/>

⁷ Greszler, Rachel. "The Unintended Consequences of the American Families Plan." The Heritage Foundation. May 24, 2021.

<https://www.heritage.org/budget-and-spending/commentary/the-unintended-consequences-the-american-families-plan>

⁸ Lynch, Karen E. "Trends in Child Care Spending from the CCDF and TANF." Congressional Research Service. June 16, 2016.

<https://www.crs.gov/Reports/R44528?source=search&guid=ba0d87b3b88549038a92e418858a4944&index=0>

⁹ Lynch, Karen E. "Head Start: Overview and Current Issues." Congressional Research Service. December 5, 2019.

<https://www.crs.gov/Reports/IF11008?source=search&guid=10c393dd165f446eaf7479e10c6994db&index=0>